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UNCLAS MAPUTO 001138

SIPDIS

SENSITIVE

STATE FOR AF/S-HTREGER

NSC FOR CCOURVILLE

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E.O. 12958: N/A

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SUBJECT: MOZAMBIQUE: MINISTER SACKS HEAD OF NATIONAL
INSTITUTE OF SOCIAL SECURITY

11. (U) On August 3, Mozambican Labor Minister Helena Taipo dismissed Elina Mafuiane Gomes as Director General of the Social Security National Institute (INSS -- Mozambique's social security agency). Gomes had headed INSS since 2001. More than a dozen other senior INSS officials have either been dismissed or re-assigned within INSS in the past several weeks. According to the press, the move was prompted by poor performance and reports of corrupt practices filed by beneficiaries and companies. Inspectors uncovered evidence that some INSS officials had funneled employee contributions into their own personal accounts.

12. (U) Immediately after firing Gomes, Minister Taipo froze all INSS bank accounts. According to a statement by Vice Minister of Labor Soares Nhaca, this was done to avoid the "arbitrary use of funds" until the new management could regain effective control of the institution. (Note: Press reports indicate that soon after Gomes was dismissed and the accounts frozen, some individuals attempted to withdraw large sums of money from INSS accounts in Manica and Maputo provinces. End note).

13. (U) On August 15, Senior Ministry of Labor official Abilio Mussane was sworn in as the INSS' new director general. He has promised to increase transparency, stating that he will keep the public informed on all INSS activities in an attempt to rebuild Mozambican's trust in the institution. The freeze order on INSS accounts was lifted shortly afterwards.

14. (SBU) Comment: INSS is popularly viewed as one of the country's most corrupt public institutions. Retirees from the small formal sector (which covers roughly ten percent of the working population; the others work in the informal sector and/or agriculture and receive no pensions) commonly receive comparatively little, with payments often delayed or lapsing altogether. It is widely believed that many private employers keep contributions they have withheld, believing that their employees don't really expect anything later on. Some years ago one of the more independent newspapers, Savana, ran a story alleging that senior government officials had "borrowed" millions of dollars from INSS to fund private schemes and had not returned the money. Two RENAMO deputies repeated these accusations in the National Assembly this past March, while debating the Attorney General's annual report. Prime Minister Diogo's husband was named as one of those who had taken an INSS "loan."

15. (SBU) Comment continued: It is not clear whether this shakeup will lead to any prosecutions. Contacts in business circles roll their eyes when asked whether Ms. Gomes will be punished. They point out that she remains head of the Maputo city council and, even after being sacked, criticized the Labor Minister to the press.

La Lime